

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1731 – HB 1807

February 8, 2016

SUMMARY OF ORIGINAL BILL: Authorizes the State Board of Education (SBE) to collect an annual charter authorizer fee from any authorized charter school up to four percent of the total state and local Basic Education Program (BEP) funding received by the SBE-authorized charter school. Requires the SBE to use such fee revenue to fund operations relative to the authorization of public charter schools.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

Exceeds \$72,400/FY17-18 and Subsequent Years/SBE

SUMMARY OF AMENDMENT (011833): Deletes all language of the original bill. Authorizes the State Board of Education (SBE) to collect an annual charter authorizer fee from any SBE-authorized public charter school established to be: up to four-percent of the total state and local Basic Education Program (BEP) funding received for the SBE-authorized public charter school during the first two years in which the SBE oversees charter schools; up to three percent of the total state and local Basic Education Program (BEP) funding received by the SBE-authorized public charter school in the third and subsequent years that the SBE oversees charter schools. Any fee established by the SBE shall be set by April 1 of each year.

Requires all revenue to be used for fulfilling the SBE's authorizing obligations. In fiscal years in which the SBE collects more in charter authorizer fee revenue than is spent for SBE authorizing expenditures, the SBE shall re-distribute such over-collected revenue back to SBE-authorized public charter schools. The SBE shall annually post the amount of authorizer fee revenue received during the previous school year on its website by December 1.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

Exceeds \$72,400/FY17-18 and Subsequent Years/SBE

Other Fiscal Impact – In fiscal years in which the SBE collects more in authorizer fee revenue than is expended by the SBE for authorizing obligations, over-collected authorizer fee revenue will be re-distributed back to the SBE-authorized public charter schools from the SBE.

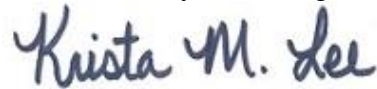
SB 1731 – HB 1807

Assumptions for the bill as amended:

- No increase in the number of public charter schools.
- Estimated fee collections for the SBE are based on current and future public charter school funding within SBE-authorized public charter schools for FY17-18.
- Public charter enrollment and state and local BEP funding will increase in FY16-17 and subsequent years.
- The SBE will collect charter authorizer fees equal to four percent of the total amount of state and local BEP funding received by SBE-authorized public charter schools.
- Based on information from the SBE, one public charter school has been authorized by the Board in Davidson County and is scheduled to open in FY17-18 with an initial enrollment of 200 students.
- The combined state and local BEP per pupil expenditure in FY14-15 for public charter schools located in Davidson County was \$9,046.
- The initial total BEP amount for the SBE-authorized public charter school is estimated to exceed \$1,809,200 (\$9,046 x 200).
- The recurring increase in state revenue to the SBE as a result of the charter authorizer fee is estimated to exceed \$72,368 (\$1,809,200 x 4.0%) beginning in FY17-18.
- Enrollment and BEP per pupil expenditures will increase at the SBE-authorized public charter school in FY18-19 and subsequent fiscal years.
- In fiscal years in which the SBE collects more in authorizer fee revenue than is spent by the SBE for authorizing obligations, state and local BEP funding will be re-distributed from the SBE to the SBE-authorized public charter schools

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/msg